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Prices for Baltic Cod under various Port Purchasing Methods

(Priserne pa östersotorsk under Forskellige indhandlingsformer).

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Summary

The objective of the study was to compare prices p.i
of Baltic cod when sold through auctions, sales associations (marketing cooperatives) or through contract sales. The ports chosen to represent the three methods were Skagen (auction), Rődvig (sales association), and Nekrő (contract sales).

The quantities of Baltic cod landed in Nekső are about 10 times as high as in Skagen and Rödvig; the last two are roughly equal. All three ports have considerable seasonal variations in landings. Landings increase in December, reach a maximum in February/March and decline to a low in June.

Prices on purchase slips from the three ports are not immediately comparable. Corrections have therefore been carried out to make them equal from a fisherman's point of view. Similarly, the prices after corrections reflect what the method of sale means for price formation. The prices in Skagen have been reduced by an amount representing commission and auction hall rental. All ports have prices reduced for transportation and box rentals, but not for bridge tolls, dues to fisheries associations and Producer Organizations (P.O.) or for ice, since these costs are not dependent on the method of sale.

Prices have been collected for the period 1983 to April 1986 for all five size grades; i.e. the EC market

standards and two quality grades, E (extra) and A (ordinary). Since there does not appear to be any substantial price differential between E and A, and since these qualities are subject to the same EC minimum prices, they have been combined.

The largest quantities landed were classified as size grades 4 and 5. The general situation has been that prices in Skagen were lower than in Nekső in 1983 and 1984, but higher in 1985 and 1986. Prices in Rödvig have in the whole period been higher than in Nekső. Relative to Skagen, the prices in Rödvig were higher in 1983 and 1984, lower in 1985 and generally on the same level in 1986. The variations in prices have been greatest on the auction in Skagen and smallest in contract landings in Nekső. p. ii

Table 0. Prices on Baltic Cod, Quality E and A 1986.
Size grade 4. Weekly average Danish Kroner per kilo.

Week 1 1986	Skagen Auction	Rödvig Sales Assoc.	Nekső Contract Sales
1	-	9.75	7.30
2	-	8.90	7.30
3	8.06	9.00	7.30
4	8.68	9.00	7.30
5	8.72	9.00	7.30
6	8.26	9.00	7.30
7	8.14	7.90	7.30
8	7.96	7.70	7.30
9	8.72	8.00	6.90
10	-	-	6.90
11	8.03	7.50	6.60
12	7.72	7.50	6.60
13	-	8.75	6.60
14	-	8.75	6.60
15	7.70	8.50	7.00
16	7.83	8.50	7.00
17	7.68	8.50	7.00
18	8.26	8.50	7.00

Source: Table 11

In the price comparisons, it has been necessary to make two assumptions: namely that there had been relatively the same overweight in the boxes to cover shrinkage and that there had been a uniform assessment of quality and grading. It should be mentioned that the EC quality assessment criteria contain an element of estimate and human judgement.

A calculation was carried out to evaluate the effect on prices of different relative overweights in the boxes in the three sales methods. This calculation shows that the price differential between two methods should be lowered (or increased) by 5-10 öre for each time there is a one-percent overweight in the boxes in one port relative to another. For example, if the price is 1 krone higher in Skagen than in Neksö, an overweight of ca. 7% over the registered weight in Skagen means that this price differential is eliminated, if there is a 7% underweight in boxes in Neksö. Conversely, the real price differential would be ca. 2 kr. if there was 7% overweight in Neksö and 7% underweight in Skagen.

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